

SILENT CONSPIRACIES

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APRIL 24, 2009 -- This week's [Toles cartoon](#) has President Obama looking at a pile of sand and talking to the U. S. in the first frame with the heading: "We're not going to build a new economy on this same pile of sand." The next frame of the cartoon shows President Obama talking to the U. S. not on one pile but a sea of piles of sand.

Toles exposes Washington's silent conspiracy of debt. President Reagan started a strategy of growth for the economy – cutting taxes, borrowing, spending, and growing the national debt instead of the economy. In two hundred years of history we paid for all of our wars and President Johnson's Great Society program and still hadn't reached a national debt of \$1 trillion dollars. But with President Reagan's cutting taxes and "growth" for the economy, the national debt reached \$1 trillion in 1982. President Clinton and the Democrats gave the nation its strongest economy in 1993 by cutting spending and increasing taxes. But the Democrats lost the House of Representatives the next year because of the tax increase. Now under President George W. Bush, Democrats have joined Republicans in a conspiracy of debt for the economy by cutting taxes, borrowing, spending and stimulating the economy \$5 trillion in the past eight years.

Democrats and Republicans talk about everything in Washington except this \$5 trillion stimulation. Both are responsible so it's not smart politics to talk of the \$5 trillion stimulation. And deeply in debt, both brag on their proposals to cut taxes, increasing the debt. After six months of bail-out and another trillion stimulation,

there has been no "jump-start" to the economy. In order to "jump-start" the engine there must be an engine under the hood. To "jump-start" the economy there must be an economy under the hood. And this brings us to the other silent conspiracy.

We have offshored the economy and no one mentions this problem. Investment, research, development, production, jobs are in flight to China, India, and Mexico. Republicans and Democrats join in a "no-no" to enforce our trade laws and compete in globalization. Globalization is nothing more than a trade war with production looking for a country cheaper to produce. Wall Street, the big banks, the National Association of Manufacturers, the Retail Federation of America, and the United States Chamber of Commerce are all interested in the investment and production of Corporate America in China, India, and Mexico.

To protect this investment they and their "think tank" and consultant supporters cry: "Free trade," "free trade," "protectionism," "Don't start a trade war." Actually, the present trade war was begun by Japan after World War II by closing its domestic market, subsidizing its manufacture, and selling its export near cost, making up the profit in its closed market. This assault was for market share rather than profit. America's open market has forced Corporate America to compete for profit rather than market share. Now, Toyota is #1, as General Motors, Ford, and Chrysler struggle. China with its authoritarian control of its economy has made government – not productivity – the "comparative advantage" in international

trade. And the U. S. government is a “comparative disadvantage” in international trade or globalization. Our requirement of labor rights, safety and environmental concerns, are a cost of producing in the United States. U. S. corporate taxes are not rebated at export, but China’s 17 percent VAT is rebated when Chinese export leaves Hong Kong. There is an immediate 17 percent advantage to produce in China for the U.S. market. So next year this time when the economy bottoms out, an American manufacturer better make sure that his competition has not offshored. If it has offshored, there is no way to gear up and make a profit in the United States.

The President and Congress continue in their conspiracy of free trade in order to get the campaign contributions from Corporate America and the financial community. This has us bailing out the economy boat as fast as we can without plugging the offshore hole in the bottom. Allen Blinder, the Princeton economist, estimated two years ago that from

offshoring we would lose thirty to forty million jobs in the next ten years.

Obama’s bail-out of the economy estimated at best to create four million jobs in two years and, even if completely successful, this time next year will have us still losing four million jobs. No Detroit bail-out can work unless we restrict automobile imports. In the last eight years, Detroit has been faced with the nation’s trillion dollars deficit of subsidized, imported autos and auto parts. Detroit can recover and produce an excellent fuel-economy car. But it will be faced with a cheaper Chinese import by this time next year. These silent conspiracies must be exposed. The United States government has got to compete in globalization. Article I, Section 8, of the Constitution, says this is the duty of the Congress. The President must enforce our trade laws and Congress must move to protect the economy. Otherwise, we are “going to build the new economy on this same pile of sand.”

Senator Hollings of South Carolina served 38 years in the United States Senate, and for many years was Chairman of the Commerce, Space, Science & Transportation Committee. He is the author of the newly published book, [Making Government Work](#) (University of South Carolina Press, 2008).